

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Statement of Operations

MOR - 2

Month Ended December 31, 2002

	Monolite Enterprises, Incorporated	Grace-Connally Systems, Inc.	Grace-Hopf Services, Inc.	Monroe Street Inc.	Grace-Hopf Services, Inc.	Grace-Hopf Services, Inc.	Ecaro, Inc.	W.R. Grace Real Estate Corporation	W.R. Grace Management Corp., Inc.	Wall Street Corporation
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
<b>Net income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

Combining Statement of Operations

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Month Ended December 31, 2002

	Denaco Restaurants Inc.	W.R. Grace Capital Corporation	GraceCrest (New Jersey) Company, Inc.	GraceFPO (New Jersey) Company	GracePAR Corporation	GraceA/B Inc.	Grace International Corporation	GPC Thomasville Corp.	Grace Ventures Corp.	Grace Energy Corporation
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities										
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	(30,233)	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	30,233	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net (Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,233</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W.R. Grace & Co. - Conn.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Statement of Operations

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Month Ended December 31, 2002

	Grace Management Corporation	Grace Offshore Company	Cooperates Inc.	Grace A-B II Inc.	Grace H-Gals Inc.	Coigrace II Inc.	Graceco Inc.	Graceco Inc.	Grace Drilling Company	Grace Petroleum Incorporated
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities										
Net sales to filing entities										
Interest and royalties from non-filing entities, net										
Interest and royalties from filing entities, net										
Other income										
Cost of goods sold to third parties										
Cost of goods sold to non-filing entities										
Cost of goods sold to filing entities										
Selling, general and administrative expenses										
Research and development expenses										
Depreciation and amortization										
Interest expense										
Income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities										
Chapter 11 reorganization expenses, net										
(Provision for) benefit from income taxes										
Minority interest in income of subsidiary										
Equity in net income of non-filing entities										
<b>Net income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

**W.R. Grace & Co. - Chapter 11 Filing Entities**  
**Combining Statement of Operations**  
**MOR - 2**  
**Month Ended December 31, 2002**

	W.R. Grace Banking Company	W.R. Grace WestCoast Company	W.R. Grace Companies	Eliminations Intercompany Eliminations	NON-CONTROLLING INTEREST METHOD	NON-CONTROLLING INTEREST METHOD COMBINED FILING ENTITIES
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,435,137
Net sales to non-filing entities	-	-	-	(183,537)	-	8,987,840
Net sales to filing entities	-	-	-	0	-	13,707,468
Interest and royalties from non-filing entities, net	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-
Other income	-	-	-	-	-	607,587
Cost of goods sold to third parties	-	-	-	(183,537)	-	88,738,032
Cost of goods sold to non-filing entities	-	-	-	-	-	44,545,852
Cost of goods sold to filing entities	-	-	-	(143,904)	-	6,767,474
Selling, general and administrative expenses	-	-	-	-	-	69,708,786
Research and development expenses	-	-	-	-	-	2,397,273
Depreciation and amortization	-	-	-	-	-	4,647,866
Interest expense	-	-	-	-	-	1,572,582
Income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	(143,904)	-	129,639,833
Chapter 11 reorganization expenses, net	-	-	-	(39,633)	-	(40,901,801)
(Provision for) benefit from income taxes	-	-	-	-	-	1,249,341
Minority interest in income of subsidiary	-	-	-	-	-	11,794,714
Equity in net income of non-filing entities	-	-	-	-	(2,011,629)	(2,011,629)
<b>Net Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (39,633)</b>	<b>\$ (2,011,629)</b>	<b>\$ (29,869,376)</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	W.R. Grace & Co. Conn.	W.R. Grace & Co.	Remington Group Solutions	CCP Partners	Grace Washington Chemical
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 53,225,858	\$ -	\$ (260,926)	\$ -	\$ -
Notes and accounts receivable, net	112,613,628	-	23,965	-	-
Receivables from/(payables to) filing and non-filing entities, net	268,715,913	(389,152,701)	(324,359)	12,971,522	(27,828,792)
Inventories	70,618,963	-	-	-	-
Deferred income taxes	27,409,461	-	2,232,103	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-
Other current assets	51,261,558	-	-	-	-
<b>Total Current Assets</b>	<b>583,845,381</b>	<b>(389,152,701)</b>	<b>1,670,782</b>	<b>12,971,522</b>	<b>(27,828,792)</b>
Properties and equipment, net	386,732,380	-	485,475	-	-
Goodwill, net	14,499,090	-	-	-	-
Cash value of company owned life insurance, net of policy loans	82,406,492	-	-	-	-
Deferred income taxes	803,519,452	-	44,101,884	-	-
Asbestos-related insurance expected to be realized after one year	282,629,577	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(1,087,519,691)	804,754,824	124,301,262	4,591,453	198,220,557
Investment in filing and non-filing entities	800,173,133	241,512,111	-	-	-
Other assets	303,703,075	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,169,968,689</b>	<b>\$ 657,114,234</b>	<b>\$ 170,559,402</b>	<b>\$ 17,662,973</b>	<b>\$ 170,391,765</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>					
<b>Liabilities Not Subject to Compromise</b>					
<b>Current Liabilities</b>					
Short-term debt	\$ 0	\$ -	\$ -	\$ -	\$ -
Accounts payable	40,902,132	-	18,420	-	-
Income taxes payable	0	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	(0)	-	-	-	-
Other current liabilities	64,238,849	-	13,850	-	18,183
<b>Total Current Liabilities</b>	<b>105,140,981</b>	<b>-</b>	<b>32,271</b>	<b>-</b>	<b>18,183</b>
Long-term debt - DIP facility	(438,134)	-	-	-	-
Deferred income taxes	225,978,354	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	(0)	-	-	-	-
Other liabilities	524,582,610	0	0	-	0
<b>Total Liabilities Not Subject to Compromise</b>	<b>855,263,810</b>	<b>0</b>	<b>32,271</b>	<b>-</b>	<b>18,183</b>
<b>Liabilities Subject to Compromise</b>					
Debt, pre-petition plus accrued interest	538,785,987	-	-	-	-
Accounts payable	31,621,374	-	665,607	-	-
Income taxes payable	156,549,756	33,297,562	1,642,959	72,290	9,755,871
Asbestos-related liability	973,220,487	-	-	-	-
Other liabilities	397,059,223	188,091	132,382,818	-	32,239,894
<b>Total Liabilities Subject to Compromise</b>	<b>2,097,236,827</b>	<b>33,485,653</b>	<b>134,691,384</b>	<b>72,290</b>	<b>41,995,765</b>
<b>Total Liabilities</b>	<b>2,952,500,638</b>	<b>33,485,653</b>	<b>134,723,654</b>	<b>72,290</b>	<b>41,995,765</b>
<b>Shareholders' Equity (Deficit)</b>					
Preferred Stock	-	-	-	-	-
Common Stock	83,968,960	769,612	12,223	1,000	-
Paid in capital	142,809,878	429,352,702	9,724,449	34,052,467	56,011,577
(Accumulated deficit)/Retained earnings	(666,970,937)	330,501,127	26,099,076	(16,562,782)	72,384,423
Treasury stock, at cost	-	(136,994,960)	-	-	(9,328,707)
Accumulated other comprehensive loss	(342,319,649)	100	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>(782,511,749)</b>	<b>623,628,581</b>	<b>35,835,748</b>	<b>17,490,685</b>	<b>128,396,000</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 2,169,968,689</b>	<b>\$ 657,114,234</b>	<b>\$ 170,559,402</b>	<b>\$ 17,662,973</b>	<b>\$ 170,391,765</b>
<b>Note #3</b>					
Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.					

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	W.R. Grace Management, Inc.	W.R. Grace Europe, Inc.	W.R. Grace Real Estate, Inc.	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	W.R. Grace Landfill Services Corporation, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ (0)	\$ 3,848,486	\$ -
Notes and accounts receivable, net		80,773			2,318,257	
Receivables from/(payables to) filing and non-filing entities, net	(365,073,616)	5,880,506	140,477,882	(91,533,703)	(1,077,162)	(5,195,589)
Inventories	-	(0)	-	-	154,714	-
Deferred income taxes	-	75,774	-	-	17,655	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets						
<b>Total Current Assets</b>	(365,073,616)	6,037,053	140,477,882	(91,533,703)	5,261,950	(5,195,589)
Properties and equipment, net	-	-	-	-	824,775	-
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	38,161	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	435,103,524	(3,447,577)	-	18,454,776	-	-
Investment in filing and non-filing entities	-	-	-	58,669,464	-	-
Other assets	-	54,000	-	-	151,776	1,176,601
<b>Total Assets</b>	\$ 270,029,908	\$ (2,681,637)	\$ 140,477,882	\$ (14,409,463)	\$ 6,238,501	\$ (4,018,988)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable		21,714			23,688	252,670
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	350,034	-	-	-	220,137
<b>Total Current Liabilities</b>	-	371,748	-	23,688	472,807	-
Long-term debt - DIP facility	-	-	-	-	-	-
Deferred income taxes	-	0	-	-	-	146,497
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	371,748	-	23,688	619,304	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	133,907
Income taxes payable	-	-	-	-	-	847,316
Asbestos-related liability	-	(714,789)	(47,122)	(6,122,027)	-	(175)
Other liabilities	-	216,497	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	21,864,484	(498,292)	(47,122)	(6,122,027)	981,223	(175)
<b>Total Liabilities</b>	21,864,484	(126,544)	(47,122)	(6,098,339)	1,600,527	(175)
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock		112	-	-	-	-
Common Stock		1,000	1,000	-	1,000	200
Paid in capital	(29,267,410)	-	25,358,993	45,067,489	-	274,606
(Accumulated deficit)/Retained earnings	77,431,722	(429,081)	115,166,011	(35,441,633)	4,636,974	(4,293,619)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	3,236,261	-	(17,937,980)	-	-
<b>Total Shareholders' Equity (Deficit)</b>	48,165,424	2,808,181	140,525,004	(8,311,124)	4,637,974	(4,018,813)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	\$ 270,029,908	\$ (2,681,637)	\$ 140,477,882	\$ (14,409,463)	\$ 6,238,501	\$ (4,018,988)

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	W.R. Grace & Co. Alameda/Boston Unit					
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable, net						
Receivables from/(payables to) filing and non-filing entities, net	(2,143,455)	-	(57,817,172)	(50)	(160)	(10,432)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	(2,143,455)	-	(57,817,172)	(50)	(160)	(10,432)
Properties and equipment, net	-	-	-	-	-	-
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	34,053,467	54,500,000	54,500,000	56,011,577
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	(2,143,455)	-	(23,763,706)	54,499,999	54,499,999	56,004,737
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Long-term debt - DIP facility	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	(85)	-	-	(50)	(160)	(3,592)
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(85)	-	-	(50)	(160)	(3,592)
<b>Total Liabilities</b>	(85)	-	-	(50)	(160)	(3,592)
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	931,540	1	130	130
Paid in capital	(2,143,370)	-	9,408,460	54,499,999	54,499,870	54,499,870
(Accumulated deficit)/Retained earnings	-	-	(34,103,706)	-	-	1,504,737
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	(2,143,370)	-	(23,763,706)	54,500,000	54,500,000	56,004,737
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	(2,143,455)	-	(23,763,706)	54,499,950	54,499,940	56,004,745

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	Kodak Company of Cuba, Inc.	CB Biomedicay, Inc.	Americana, Inc.	Environmental, Inc.	Grace Company of Cuba, Inc.	South American & Fiberglass, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 29,162	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable, net	(16,199)	(26,718,392)	57,347,191	(7,288,696)	-	-
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets	6,320	-	-	-	-	-
<b>Total Current Assets</b>	19,283	(26,718,392)	57,347,191	(7,288,696)	-	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	1,630,940	-	-	-	-	-
<b>Total Assets</b>	1,650,223	(26,718,392)	57,347,191	(7,288,696)	-	-
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	551,649	5,000	-	-	-	-
<b>Total Current Liabilities</b>	551,649	5,000	-	-	-	-
Long-term debt - DIP facility	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	551,649	5,000	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(6,161)	(104,565)	10,346,794	(5,100)	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(6,161)	(104,565)	10,346,794	(5,100)	-	-
<b>Total Liabilities</b>	545,488	(99,565)	10,346,794	(5,100)	-	-
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-
Paid in capital	1,104,954	859,233	3,671,658	5,150	-	-
(Accumulated deficit)/Retained earnings	(219)	(27,478,060)	43,427,950	5,144,850	-	-
Treasury stock, at cost	-	-	-	(12,433,596)	-	-
Accumulated other comprehensive loss	-	-	(99,212)	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	1,104,735	(26,618,827)	47,000,396	(7,283,596)	-	-
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	1,650,223	(26,718,392)	57,347,191	(7,288,696)	-	-

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	Debtors Subject to Bankruptcy Court Jurisdiction	Debtors Not Subject to Bankruptcy Court Jurisdiction	Acquisition Company Entity	Grace Group Entity	G.G. Limited Partnership	Monolithic Enterprises Incorporated
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable, net						
Receivables from/(payables to) filing and non-filing entities, net	5,824,344	(102,989)	(1,119,043)	10,284,334	540	(2,417,464)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>5,824,344</b>	<b>(101,989)</b>	<b>(1,119,043)</b>	<b>10,284,334</b>	<b>540</b>	<b>(2,417,464)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	94,022	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,824,344</b>	<b>(7,966)</b>	<b>(1,119,043)</b>	<b>\$ 10,284,334</b>	<b>\$ 540</b>	<b>\$ (2,417,464)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	3	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>
Long-term debt - DIP facility	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(50)	-	(50)	(350)	(350)	(200)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(50)</b>	<b>-</b>	<b>(50)</b>	<b>(350)</b>	<b>(350)</b>	<b>(200)</b>
<b>Total Liabilities</b>	<b>(50)</b>	<b>-</b>	<b>(50)</b>	<b>(347)</b>	<b>(350)</b>	<b>(200)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	2,000	29,000	1,000	1,000	26,000
Paid in capital	5,823,446	-	-	3,136,087	-	9,988,414
(Accumulated deficit)/Retained earnings	(52)	(9,966)	(1,147,993)	7,147,595	(110)	(12,431,678)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>5,824,394</b>	<b>(7,966)</b>	<b>(1,118,993)</b>	<b>10,284,682</b>	<b>890</b>	<b>(2,417,264)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 5,824,344</b>	<b>(7,966)</b>	<b>(1,119,043)</b>	<b>\$ 10,284,334</b>	<b>\$ 540</b>	<b>\$ (2,417,464)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	Grace Global Systems Inc.	Grace Square Corporation	Grace Specialty Chemicals Inc.	Grace Chemical Corporation	Harover Square Corporation	Other Entities
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable, net	(26,312,455)	(5,132,654)	(3,350,574)	(2,509,789)	900	(1,230,598)
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>(26,312,455)</b>	<b>(5,132,654)</b>	<b>(3,350,574)</b>	<b>(2,509,789)</b>	<b>900</b>	<b>(1,230,598)</b>
Properties and equipment, net	-	-	-	-	-	1,184,871
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ (26,312,455)</b>	<b>\$ (5,132,654)</b>	<b>\$ (3,350,574)</b>	<b>\$ (2,509,789)</b>	<b>\$ 900</b>	<b>\$ 1,184,871</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-term debt - DIP facility	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	(539)	(50)	(150)	(50)	(15)
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>-</b>	<b>(539)</b>	<b>(50)</b>	<b>(150)</b>	<b>(50)</b>	<b>(15)</b>
<b>Total Liabilities</b>	<b>-</b>	<b>(539)</b>	<b>(50)</b>	<b>(150)</b>	<b>(50)</b>	<b>(15)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	1,000	1,000	1,000
Paid in capital	(26,312,455)	(5,132,115)	(3,351,524)	(2,510,639)	(50)	(45,812)
(Accumulated deficit)/Retained earnings	-	-	-	-	-	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>(26,312,455)</b>	<b>(5,132,115)</b>	<b>(3,350,524)</b>	<b>(2,509,639)</b>	<b>950</b>	<b>(45,712)</b>
<b>Unconsolidated Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ (26,312,455)</b>	<b>\$ (5,132,654)</b>	<b>\$ (3,350,574)</b>	<b>\$ (2,509,789)</b>	<b>\$ 900</b>	<b>\$ (45,727)</b>

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	W.R. Grace Land Corporation	G.C. Management Incorporated	West Street Incorporated	Debtors in Restaurants, LLC	W.H. Grace Capital Corporation	Gloucester New Communities Company, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Notes and accounts receivable, net						
Receivables from/(payables to) filing and non-filing entities, net	36,708,587	25,045	(73,001)	(12,559,318)	174,205	(19,464,242)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets						
<b>Total Current Assets</b>	<b>36,708,587</b>	<b>25,045</b>	<b>(73,001)</b>	<b>(12,559,318)</b>	<b>174,205</b>	<b>(19,463,742)</b>
Properties and equipment, net	-	-	-	-	438,445	-
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net						
Investment in filing and non-filing entities	6,284,806	-	-	-	-	-
Other assets						4,066
<b>Total Assets</b>	<b>\$ 42,993,393</b>	<b>\$ 25,045</b>	<b>\$ (73,001)</b>	<b>\$ (12,559,318)</b>	<b>\$ 612,650</b>	<b>\$ (19,459,676)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
Current Liabilities						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,066
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities					199	4,066
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>4,066</b>
Long-term debt - DIP facility	-	-	-	-	438,134	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities					-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438,333</b>	<b>4,066</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable						
Income taxes payable	(549)	-	(50)	(65)	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities					-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(549)</b>	<b>-</b>	<b>(50)</b>	<b>(65)</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>(549)</b>	<b>-</b>	<b>(50)</b>	<b>(65)</b>	<b>438,333</b>	<b>4,066</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock						
Common Stock	5,000	-	1,000	85,539	1,000	5,000
Paid in capital	19,577,160	-		6,541,055	4,000	6,000,000
(Accumulated deficit)/Retained earnings	23,411,782	25,045	(73,951)	(19,185,847)	169,317	(25,468,742)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss					-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>42,993,942</b>	<b>25,045</b>	<b>(72,951)</b>	<b>(12,559,253)</b>	<b>174,317</b>	<b>(19,463,742)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 42,993,393</b>	<b>\$ 25,045</b>	<b>\$ (73,001)</b>	<b>\$ (12,559,318)</b>	<b>\$ 612,650</b>	<b>\$ (19,459,676)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	Creatwell Food Mfg Fun Company	Grace P&P Corporation	Grace A-B Inc.	Grace-Homco International Inc.	GEO Thomasville Corp. Inc.	Grace Ventures Corp.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable, net						
Receivables from/(payables to) filing and non-filing entities, net	23,479,509	6,345,536	810,350	(59,581,362)	(100)	(86,661)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>23,479,509</b>	<b>6,345,536</b>	<b>810,350</b>	<b>(59,581,362)</b>	<b>(100)</b>	<b>(86,661)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$23,479,509</b>	<b>\$6,345,536</b>	<b>\$810,350</b>	<b>(\$59,581,362)</b>	<b>(\$100)</b>	<b>(\$86,661)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
Current Liabilities						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-term debt - DIP facility	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	(639)	(125)	(250)	(130)	(100)	(50)
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(639)</b>	<b>(125)</b>	<b>(250)</b>	<b>(130)</b>	<b>(100)</b>	<b>(50)</b>
<b>Total Liabilities</b>	<b>(639)</b>	<b>(125)</b>	<b>(250)</b>	<b>(130)</b>	<b>(100)</b>	<b>(50)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,090,000	1,000	1,000	303,000	-	-
Paid in capital	33,631,999	18,090,032	-	37,765,000	-	1,900,000
(Accumulated deficit)/Retained earnings	(11,241,851)	(11,745,371)	809,600	(97,649,232)	-	(1,986,611)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>23,480,148</b>	<b>6,345,661</b>	<b>810,600</b>	<b>(59,581,232)</b>	<b>-</b>	<b>(86,661)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$23,479,509</b>	<b>\$6,345,536</b>	<b>\$810,350</b>	<b>(\$59,581,362)</b>	<b>(\$100)</b>	<b>(\$86,661)</b>

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

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December 31, 2002

	Grace Energy Corporation	GPEC Management Corporation	Grace Offshore Company	Coalition Energy	Grace A/B Inc.	Grace F/G Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable, net						
Receivables from/(payables to) filing and non-filing entities, net	352,712,759	4,389,672	(15,750,664)	5,296,949	875,419	(5,204)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>352,712,759</b>	<b>4,389,672</b>	<b>(15,750,664)</b>	<b>5,296,949</b>	<b>875,419</b>	<b>(5,204)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(35,903,123)	(14,135,725)	-	-	-	-
Investment in filing and non-filing entities	187,272,210	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 504,081,846</b>	<b>(\$ 9,746,053)</b>	<b>(\$ 15,750,664)</b>	<b>5,296,949</b>	<b>875,419</b>	<b>(\$ 5,204)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-term debt - DIP facility	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable						
Income taxes payable	(59)	(50)	-	(250)	(250)	(150)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(59)</b>	<b>(50)</b>	<b>-</b>	<b>(250)</b>	<b>(250)</b>	<b>(150)</b>
<b>Total Liabilities</b>	<b>(59)</b>	<b>(50)</b>	<b>-</b>	<b>(250)</b>	<b>(250)</b>	<b>(150)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	(114,960)	100	1,000	1,000
Paid in capital	451,425,156	(2,089,027)	34,215,000	-	-	-
(Accumulated deficit)/Retained earnings	52,655,749	(7,657,976)	(49,850,704)	5,297,099	874,669	(6,054)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>504,081,905</b>	<b>(\$ 9,746,003)</b>	<b>(\$ 15,750,664)</b>	<b>5,297,199</b>	<b>875,669</b>	<b>(5,054)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 504,081,846</b>	<b>(\$ 9,746,053)</b>	<b>(\$ 15,750,664)</b>	<b>5,296,949</b>	<b>875,419</b>	<b>(\$ 5,204)</b>

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

December 31, 2002

	GraceCo, Inc.	St. Louis, Inc.	GraceCoal, Inc.	GraceDrilling Company	GracePetroleum Dyna Incorporated	Axial Basin Ranch Company
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable, net						
Receivables from/(payables to) filing and non-filing entities, net	108,190	130,478,168	145,501,766	(81,114,988)	47,407,856	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>108,190</b>	<b>130,478,168</b>	<b>145,501,766</b>	<b>(81,114,988)</b>	<b>47,407,856</b>	<b>-</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill, net	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 108,190</b>	<b>\$ 130,478,168</b>	<b>\$ 145,501,766</b>	<b>\$ (81,114,988)</b>	<b>\$ 47,407,856</b>	<b>\$ -</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-term debt - DIP facility	-	-	-	-	-	-
Deferred income taxes	-	27,277,846	27,277,846	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>27,277,846</b>	<b>27,277,846</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	(250)	2,012,250	2,012,350	(355)	(50)	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(250)</b>	<b>2,012,250</b>	<b>2,012,350</b>	<b>(355)</b>	<b>(50)</b>	<b>-</b>
<b>Total Liabilities</b>	<b>(250)</b>	<b>29,290,096</b>	<b>29,290,196</b>	<b>(355)</b>	<b>(50)</b>	<b>-</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	100	124,473	1,000	-
Paid in capital	-	30,293,750	13,880,108	51,173,713	7,308,934	-
(Accumulated deficit)/Retained earnings	107,440	70,893,322	102,331,362	(132,412,819)	40,097,972	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>108,440</b>	<b>101,188,072</b>	<b>116,211,570</b>	<b>(81,114,633)</b>	<b>47,407,906</b>	<b>-</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 108,190</b>	<b>\$ 130,478,168</b>	<b>\$ 145,501,766</b>	<b>\$ (81,114,988)</b>	<b>\$ 47,407,856</b>	<b>\$ -</b>

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

## W.R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combining Balance Sheet

MOR - 3

December 31, 2002

	Hayden-Gilchrist Vest Coal Company company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	Reporting Reclasses
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable, net	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	-
Inventories	-	-	-	-	(7,526,900)
Deferred income taxes	-	-	-	-	-
Asbestos-related insurance expected to be realized within one year	-	-	-	-	-
Other current assets	-	-	-	-	-
<b>Total Current Assets</b>	-	-	-	-	(7,526,900)
Properties and equipment, net	-	-	-	-	-
Goodwill, net	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	(280,680,543)
Deferred income taxes	-	-	-	-	-
Asbestos-related insurance expected to be realized after one year	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	(1,315,702,717)	40,501,654	-
Investment in filing and non-filing entities	-	-	(1,104,954)	-	-
Other assets	-	-	-	-	-
<b>Total Assets</b>	\$ (1,316,807,671)	\$ 40,501,654	\$ (1,316,807,671)	\$ 40,501,654	\$ (280,680,543)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>					
<b>Liabilities Not Subject to Compromise</b>					
<b>Current Liabilities</b>					
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	5,000,000
Income taxes payable	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-
Other current liabilities	-	-	-	-	(18,226,900)
<b>Total Current Liabilities</b>	-	-	-	-	(18,226,900)
Long-term debt - DIP facility	-	-	-	-	-
Deferred income taxes	-	-	-	-	(280,680,543)
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-
Other liabilities	-	-	-	-	(75,100,000)
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	(369,007,443)
<b>Liabilities Subject to Compromise</b>					
Debt, pre-petition plus accrued interest	-	-	-	-	-
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-
Other liabilities	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	-	-	-	-	-
<b>Total Liabilities</b>	-	-	-	-	(369,007,443)
<b>Shareholders' Equity (Deficit)</b>					
Preferred Stock	-	-	-	-	-
Common Stock	-	-	(86,493,960)	-	-
Paid in capital	-	-	(1,192,373,672)	-	-
(Accumulated deficit)/Retained earnings	-	-	(37,940,039)	92,338,883	75,100,000
Treasury stock, at cost	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	(51,837,229)	5,700,000
<b>Total Shareholders' Equity (Deficit)</b>	-	-	(1,316,807,671)	40,501,654	80,800,000
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	\$ (1,316,807,671)	\$ 40,501,654	\$ (1,316,807,671)	\$ 40,501,654	\$ (280,680,543)

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities Combining Balance Sheet MOR - 3 December 31, 2002		COMBINED FILING ENTITIES
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 56,844,080	
Notes and accounts receivable, net	115,036,622	
Receivables from/(payables to) filing and non-filing entities, net	41,269,339	
Inventories	70,773,677	
Deferred income taxes	22,208,093	
Asbestos-related insurance expected to be realized within one year	51,267,878	
Other current assets	357,399,689	
<b>Total Current Assets</b>	<b>357,399,689</b>	
Properties and equipment, net	389,665,946	
Goodwill, net	14,499,090	
Cash value of company owned life insurance, net of policy loans	82,406,492	
Deferred income taxes	566,978,953	
Asbestos-related insurance expected to be realized after one year	282,629,577	
Loans receivable from/(payable to) filing and non-filing entities, net	444,420,280	
Investment in filing and non-filing entities	217,869,726	
Other assets	305,615,505	
<b>Total Assets</b>	<b>\$ 2,661,485,257</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
<b>Liabilities Not Subject to Compromise</b>		
<b>Current Liabilities</b>		
Short-term debt	\$ 0	
Accounts payable	41,222,691	
Income taxes payable	5,000,000	
Asbestos-related liability expected to be disbursed within one year	(0)	
Other current liabilities	47,171,003	
<b>Total Current Liabilities</b>	<b>93,393,694</b>	
Long-term debt - DIP facility	(0)	
Deferred income taxes	-	
Asbestos-related liability expected to be disbursed after one year	(0)	
Other liabilities	449,482,610	
<b>Total Liabilities Not Subject to Compromise</b>	<b>542,876,304</b>	
<b>Liabilities Subject to Compromise</b>		
Debt, pre-petition plus accrued interest	538,785,987	
Accounts payable	32,420,889	
Income taxes payable	231,145,932	
Asbestos-related liability	973,220,487	
Other liabilities	562,086,523	
<b>Total Liabilities Subject to Compromise</b>	<b>2,337,659,818</b>	
<b>Total Liabilities</b>	<b>2,880,536,122</b>	
<b>Shareholders' Equity (Deficit)</b>		
Preferred Stock	112	
Common Stock	772,288	
Paid in capital	433,364,848	
(Accumulated deficit)/Retained earnings	(112,935,444)	
Treasury stock, at cost	(136,994,960)	
Accumulated other comprehensive loss	(403,257,708)	
<b>Total Shareholders' Equity (Deficit)</b>	<b>(219,050,864)</b>	
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 2,661,485,257</b>	

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

**Chart 5**

**W. R. Grace & Co. - Conn**  
**Status of Postpetition Taxes**  
**MOR-4**  
**December 2002**

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ 21,020	\$ (3,457,843)	\$ (3,457,843)	\$ 20,979
FICA - Employee	14,076	(1,105,765)	(1,109,393)	10,448
FICA and payroll- Employer	2,243,278	(1306,595)	(3,347,311)	2,562
Unemployment	-	(5,364)	(5,364)	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	<b>\$ 2,278,374</b>	<b>\$ 5,675,567</b>	<b>\$ (7,919,952)</b>	<b>\$ 33,989</b>
<b>State and Local</b>				
Withholding	\$ -	\$ (946,369)	\$ (946,369)	\$ 729
Sales & Use	1,529,236	(482,057)	(482,057)	1,505,823
Property Taxes	1,934,244	(1,223,357)	(1,223,357)	1,363,346
Other	-	-	-	-
<b>Total State and Local</b>	<b>\$ 3,463,480</b>	<b>\$ 2,058,201</b>	<b>\$ (2,651,783)</b>	<b>\$ 2,869,898</b>
<b>Total Taxes</b>	<b>\$ 5,741,854</b>	<b>\$ 7,733,768</b>	<b>\$ (10,571,735)</b>	<b>\$ 2,903,887</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR - 5) for attestation related to accounts payable and tax obligations.

**Chart 5**

<b>Remedium Group, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>December 2002</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
<b>Federal</b>				
Withholding	\$ -	\$ (14,016)	\$ (14,016)	\$ -
FICA - Employee		\$ (2,466)	\$ (2,466)	\$ -
FICA and payroll- Employer		\$ (2,466)	\$ (2,466)	\$ -
Unemployment				\$ -
Other				\$ -
<b>Total Federal Taxes</b>	<b>\$ -</b>	<b>\$ 18,948</b>	<b>\$ (18,948)</b>	<b>\$ -</b>
<b>State and Local</b>				
Withholding	\$ -	\$ (589)	\$ (589)	\$ -
Sales & Use				\$ -
Property Taxes				\$ -
Other				\$ -
<b>Total State and Local</b>	<b>\$ -</b>	<b>\$ 589</b>	<b>\$ (589)</b>	<b>\$ -</b>
<b>Total Taxes</b>	<b>\$ -</b>	<b>\$ 19,537</b>	<b>\$ (19,537)</b>	<b>\$ -</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR - 5) for attestation related to accounts payable and tax obligations.

**Chart 5**

<b>Grace Washington, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>December 2002</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
<b>Federal</b>				
Withholding	\$ -	\$ (4,777)	\$ (4,774)	\$ -
FICA - Employee	-	(233)	(233)	-
FICA and payroll- Employer	(2,527)	(233)	2,294	-
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	<b>\$ (2,527)</b>	<b>\$ 5,240</b>	<b>\$ (2,713)</b>	<b>\$ -</b>
<b>State and Local</b>				
Withholding	\$ -	\$ (892)	\$ (892)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	<b>\$ -</b>	<b>\$ 892</b>	<b>\$ (892)</b>	<b>\$ -</b>
<b>Total Taxes</b>	<b>\$ (2,527)</b>	<b>\$ 6,132</b>	<b>\$ (3,605)</b>	<b>\$ -</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR - 5) for attestation related to accounts payable and tax obligations.

***Chart 5***

**L B Realty, Inc.**  
**Status of Postpetition Taxes**  
**MOR-4**  
**December 2002**

	Beginning Tax Liability	Amount Withheld Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ -		\$ -	\$ -
FICA - Employee	-		-	-
FICA and payroll- Employer	-		-	-
Unemployment	-		-	-
Other	-		-	-
<b>Total Federal Taxes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>State and Local</b>				
Withholding	\$ -		\$ -	\$ -
Sales & Use	-		-	-
Property Taxes	-		-	-
Other	-		-	-
<b>Total State and Local</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Taxes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR - 5) for attestation related to accounts payable and tax obligations.

**Chart 5**

**Darex Puerto Rico, Inc.**  
**Status of Postpetition Taxes**  
**MOR-4**  
**December 2002**

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	42	(1,040)	(1,040)	42
FICA and payroll- Employer	3,112	(4,152)	(4,152)	-
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	<b>\$ 3,154</b>	<b>\$ 2,080</b>	<b>\$ (5,192)</b>	<b>\$ 42</b>
<b>State and Local</b>				
Withholding	\$ -	\$ (1,704)	\$ (1,704)	\$ -
Sales & Use	-	-	-	-
Property Taxes	201,231	(48,497)	-	246,080
Other	-	-	-	-
<b>Total State and Local</b>	<b>\$ 201,231</b>	<b>\$ 46,553</b>	<b>\$ (1,704)</b>	<b>\$ 246,080</b>
<b>Total Taxes</b>	<b>\$ 204,385</b>	<b>\$ 48,633</b>	<b>\$ (6,896)</b>	<b>\$ 246,122</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR - 5) for attestation related to accounts payable and tax obligations.

**Chart 6**

**W. R. Grace & Co. - Conn**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**December 2002**

<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ 107,191,752
Amounts billed during the period	65,009,407
Amounts collected during the period	(70,420,296)
Other	2,061,863
 Trade accounts receivable at the end of month, gross	 <b>\$ 103,842,726</b>
<b>Trade Accounts Receivable Aging</b>	
Current	\$ 68,583,601
1-30 days past due	23,918,041
31-60 days past due	8,211,648
+61 days past due	3,129,436
Trade accounts receivable, gross	103,842,726
Allowance for doubtful accounts	(936,931)
 Trade accounts receivable, net	 <b>\$ 102,905,795</b>

<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ 102,905,795
Customer notes and drafts receivable	767,107
Pending customer credit notes	(30,126)
Advances and deposits	5,084,509
Nontrade receivables, net	3,886,343
Total notes and accounts receivable, net	<b>\$ 112,613,628</b>

**Chart 6**

**Remedium Group, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**December 2002**

**Trade Accounts Receivable Reconciliation**

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

**Trade Accounts Receivable Aging**

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

**Notes and Accounts Receivable Reconciliation**

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	23,965
Total notes and accounts receivable, net	\$ 23,965

**Chart 6**

**Darex Puerto Rico, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**December 2002**

<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ 2,563,394
Amounts billed during the period	425,730
Amounts collected during the period	(637,538)
Other	16,700
<b>Trade accounts receivable at the end of month, gross</b>	<b>\$ 2,368,286</b>

  

<b>Trade Accounts Receivable Aging</b>	
Current	\$ 1,424,067
1-30 days past due	376,466
31-60 days past due	360,766
+61 days past due	206,987
<b>Trade accounts receivable, gross</b>	<b>2,368,286</b>
Allowance for doubtful accounts	(50,443)
<b>Trade accounts receivable, net</b>	<b>\$ 2,317,843</b>

<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ 2,317,843
Customer notes and drafts receivable	-
Pending customer credit notes	(2,734)
Advances and deposits	-
Nontrade receivables, net	3,148
<b>Total notes and accounts receivable, net</b>	<b>\$ 2,318,257</b>

*Chart 6*

**Grace Europe, Inc.**  
**Accounts Receivable Reconciliation and Aging**  
**MOR-5**  
**December 2002**

**Trade Accounts Receivable Reconciliation**

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

**Trade Accounts Receivable Aging**

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

**Notes and Accounts Receivable Reconciliation**

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	80,773
Total notes and accounts receivable, net	\$ 80,773

**Chart 7**

W.R. Grace & Co., et al Debtor Questionnaire MOR - 5 December 2002	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account for this reporting period? If yes, provide an explanation below.		See Note #5 below
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in affect? If no, provide and explanation below.	X	
5. Are post-petition accounts payable and tax obligations current and paid to date? If no, provide an explanation.	X (unless disputed in normal course of business)	

**Note #5**

As part of the first day orders submitted to the court on April 2, 2001, an application for the Debtors to (a) continue and maintain their consolidated cash management system, (b) continue and maintain their existing bank accounts and (c) continue to use existing business forms and granting related relief was included. The Debtors have continued to use their existing bank accounts and no new debtor in possession accounts have been established.

Description of Asset	Sale Date	Proceeds
Assets sold/transferred outside the normal course of business over \$25,000 August 2, 1995 – Grace sold 14,257 acres of land for \$4 million to Peabody Development Company; title to 1,280 acres was retained to complete remediation obligations. The land purchase was paid to Grace in 1995 with the understanding that the retained land would later convey without additional consideration after completion of the remediation obligations (in 2004). In 2002, Peabody approached Grace to convey the retained land prior to completion of the remediation obligation and agreed that Grace would be released from its remediation obligation and that Peabody would assume the liability. By way of an order dated 12/10/02, the Bankruptcy Court approved the conveyance to Peabody. Value: \$28,000	12/10/02	\$ 28,000

## **Combined Chapter 11 Filing Entity Statements**

Chart 8

Amounts (in millions)	W. R. Grace & Co. - Chapter 11 Filing Entities Combined Statement of Operations		
	Month Ended December 31 2002	Year-to-Date December 31 2002	Cumulative Since Filing
Net sales to third parties	\$ 65.4	\$ 854.9	\$ 1,518.7
Net sales to non-filing entities	9.0	130.3	235.2
Interest and royalties from non-filing entities	13.7	44.7	79.1
Other income	0.7	16.6	20.7
	88.8	1,046.5	1,853.7
Cost of goods sold to third parties	44.6	537.4	942.6
Cost of goods sold to non-filing entities	6.8	94.7	169.5
Selling, general and administrative expenses	69.7	307.1	466.5
Research and development expenses	2.4	41.2	71.8
Depreciation and amortization	4.6	60.7	104.1
Interest expense	1.6	19.4	46.3
	129.7	1,060.5	1,800.8
Income before Chapter 11 reorganization expenses, income taxes and equity in net income of non-filing entities	(40.9)	(14.0)	52.9
Chapter 11 reorganization expenses, net	1.2	(30.1)	(42.8)
Provision for income taxes	11.7	(3.3)	(38.8)
Equity in net income of non-filing entities	(1.9)	69.5	114.7
<b>Net income</b>	<b>\$ (29.9)</b>	<b>\$ 22.1</b>	<b>\$ 86.0</b>

The Notes to Combined Financial Statements are an integral part of these statements.

## W. R. Grace &amp; Co. - Chapter 11 Filing Entities

## Combined Functional Basis Statement of Cash Flows

Amounts in millions	Month Ended December 31, 2002	Year to Date December 31, 2002	Cumulative Since Filing
<b>Core operations cash flow</b>			
Pre-tax income from core operations	\$ 15.1	\$ 79.2	\$ 188.6
Depreciation and amortization	4.6	60.7	104.1
Changes in all core assets/liabilities and other	19.7	139.9	292.7
Net increase in accounts receivable due to termination of the securitization program	24.4	32.8	32.8
Capital expenditures	(12.7)	(66.6)	(94.0)
<b>Core Pre-tax Operating Cash Flow</b>	<b>31.4</b>	<b>106.1</b>	<b>166.7</b>
<b>Charges against core reserves</b>			
Restructuring costs	-	-	-
Pension liabilities	0.2	(3.8)	(7.9)
Deferred compensation	(0.2)	(1.1)	(3.1)
Self insurance	(0.1)	(1.1)	(2.0)
<b>Total Spending Against Core Reserves</b>	<b>(0.1)</b>	<b>(6.0)</b>	<b>(13.0)</b>
<b>Core Cash Flow</b>	<b>31.3</b>	<b>100.1</b>	<b>153.7</b>
<b>Noncore cash flow</b>			
Proceeds from asset sales	-	2.1	5.0
Benefit proceeds under life insurance policies	1.2	19.4	28.5
Other noncore pretax cash flow	0.2	0.4	(1.6)
<b>Noncore Pre-tax Cash Flow</b>	<b>1.4</b>	<b>21.9</b>	<b>31.9</b>
<b>Charges against noncore reserves</b>			
<u>Asbestos</u>			
Asbestos claims processing	(2.0)	(13.1)	(19.6)
Less - insurance recovery	-	10.8	57.9
Net asbestos (payments) receipts	(2.0)	(2.3)	38.3
Environmental remediation	(3.6)	(21.3)	(40.1)
Retained obligations and other	(1.5)	(4.5)	(9.6)
Postretirement benefits	(1.4)	(21.5)	(38.2)
<b>Total Spending Against Noncore Reserves</b>	<b>(8.5)</b>	<b>(49.6)</b>	<b>(49.6)</b>
<b>Noncore Cash Flow</b>	<b>(7.1)</b>	<b>(24.4)</b>	<b>(17.7)</b>
<b>Total Pre-tax/Pre-interest/Pre-Chapter 11 Cash Flow</b>	<b>24.2</b>	<b>72.1</b>	<b>136.0</b>
Cash paid for taxes, net of refunds	(1.1)	(1.7)	(4.0)
Cash paid for interest	0.5	0.7	(1.9)
Chapter 11 reorganization expenses paid	(9.7)	(27.1)	(33.7)
<b>Cash Flow before Strategic Investments</b>	<b>13.9</b>	<b>40.3</b>	<b>96.4</b>
<b>Strategic Investments</b>			
Cash paid for businesses acquired	-	(4.0)	(4.0)
Proceeds from option exercises	-	-	-
Repurchase of treasury stock	-	-	(0.6)
<b>Cash used for Strategic Investments</b>	<b>(4.0)</b>	<b>(4.6)</b>	<b>(4.6)</b>
<b>Cash Flow after Strategic Investments</b>	<b>13.9</b>	<b>40.3</b>	<b>91.8</b>
Borrowings (repayments) under DIP facility	-	-	(2.8)
Net (investing)/financing activities under life insurance policies	(0.5)	(21.5)	(40.8)
<b>Net Cash Flow</b>	<b>13.4</b>	<b>18.8</b>	<b>48.2</b>

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 10

W. R. Grace & Co. - Chapter 11 Filing Entities Combined Balance Sheet			
Amounts in millions	December 31 2002	December 31 2001	April 2 2001
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 56.8	\$ 38.0	\$ 8.6
Notes and accounts receivable, net	115.0	128.2	43.8
Receivables from non-filing entities, net	41.3	33.8	51.2
Inventories	70.5	83.9	80.6
Deferred income taxes	22.2	17.1	80.9
Asbestos-related insurance expected to be realized within one year	-	9.7	17.0
Other current assets	30.8	26.2	21.9
<b>Total Current Assets</b>	<b>336.6</b>	<b>336.9</b>	<b>304.0</b>
Properties and equipment, net	389.7	384.9	400.4
Goodwill, net	14.5	13.9	13.6
Cash value of life insurance policies, net of policy loans	82.4	75.6	64.1
Deferred income taxes	567.0	502.6	401.0
Asbestos-related insurance expected to be realized after one year	282.6	283.7	323.4
Loans receivable from non-filing entities, net	444.4	388.0	387.5
Investment in non-filing entities	241.4	189.7	121.0
Other assets	305.7	322.1	308.5
<b>Total Assets</b>	<b>\$ 2,664.3</b>	<b>\$ 2,497.4</b>	<b>\$ 2,323.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>			
<b>Liabilities Not Subject to Compromise</b>			
<b>Current Liabilities</b>			
Debt payable within one year	\$ -	0.1	-
Accounts payable	41.2	32.8	-
Income Taxes Payable	5.0	-	-
Other current liabilities	53.1	64.6	-
<b>Total Current Liabilities</b>	<b>99.3</b>	<b>97.5</b>	<b>-</b>
Debt payable after one year	-	-	-
Other liabilities	449.4	228.0	31.8
<b>Total Liabilities Not Subject to Compromise</b>	<b>548.7</b>	<b>325.5</b>	<b>31.8</b>
<b>Liabilities Subject to Compromise</b>			
Debt, pre-petition plus accrued interest	538.8	524.5	511.5
Accounts payable	32.4	31.7	43.0
Income taxes payable	231.1	216.6	210.1
Asbestos-related liability	973.2	996.3	1,002.8
Other liabilities	562.2	544.5	598.6
<b>Total Liabilities Subject to Compromise</b>	<b>2,337.7</b>	<b>2,313.6</b>	<b>2,366.0</b>
<b>Total Liabilities</b>	<b>2,886.4</b>	<b>2,639.1</b>	<b>2,397.8</b>
<b>Shareholders' Equity (Deficit)</b>			
Common stock	0.8	0.8	0.8
Paid in capital	433.0	433.0	432.6
Accumulated deficit	(115.7)	(137.8)	(201.8)
Treasury stock, at cost	(137.0)	(137.0)	(136.4)
Accumulated other comprehensive income (loss)	(403.2)	(300.7)	(169.5)
<b>Total Shareholders' Equity (Deficit)</b>	<b>(222.1)</b>	<b>(141.7)</b>	<b>(74.3)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 2,664.3</b>	<b>\$ 2,497.4</b>	<b>\$ 2,323.5</b>

The Notes to Combined Financial Statements are an integral part of these statements.

**W. R. Grace & Co. – Chapter 11 Filing Entities**  
**Notes to Combined Financial Statements**  
**December 31, 2002**

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## **1. Basis of Presentation and Summary of Significant Accounting and Financial Reporting Policies**

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W. R. Grace & Co., through its subsidiaries, is engaged in specialty chemicals and specialty materials businesses on a worldwide basis. These businesses consist of catalyst and silica products ("Davison Chemicals") and construction chemicals, building materials and sealants and coatings ("Performance Chemicals"). W. R. Grace & Co. is a publicly held company with its shares traded on the New York Stock Exchange.

### **Voluntary Bankruptcy Filing**

In response to a sharply increasing number of asbestos-related bodily injury claims, on April 2, 2001 (the "Filing Date"), W. R. Grace & Co. and 61 of its United States subsidiaries and affiliates, including Grace-Conn., (collectively, the "Debtors") filed voluntary petitions for reorganization (the "Filing") under Chapter 11 of the United States Bankruptcy Code ("Chapter 11" or the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The cases were consolidated and are being jointly administered under case number 01-01139 (the "Chapter 11 Cases"). Grace's non-U.S. subsidiaries and certain of its U.S. subsidiaries were not included in the Filing.

During 2000 and the first quarter of 2001, Grace experienced several adverse developments in its asbestos-related litigation, including: a significant increase in bodily injury claims, higher than expected costs to resolve bodily injury and certain property damage claims, and class action lawsuits alleging damages from a former attic insulation product. After a thorough review of these developments, the Board of Directors of Grace concluded on April 2, 2001 that a federal court-supervised Chapter 11 filing provides the best forum available to achieve predictability and fairness in the claims settlement process.

Under Chapter 11, Grace expects to be able to both obtain a comprehensive resolution of the claims against it and preserve the inherent value of its businesses. Under Chapter 11, the Debtors expect to continue to operate their businesses as debtors-in-possession under court protection from their creditors and claimants, while using the Chapter 11 process to develop and implement a plan for addressing the asbestos-related claims against them.

*Consequence of Filing* - As a consequence of the Filing, pending litigation against the Debtors for pre-petition matters is generally stayed (subject to certain exceptions in the case of governmental authorities), and no party may take action to realize its pre-petition claims except pursuant to an order of the Bankruptcy Court.

The Debtors intend to address all of their pending and future asbestos-related claims and all other pre-petition claims in a plan of reorganization. Such a plan of reorganization may include the establishment of a trust through which all pending and future asbestos-related claims would be channeled for resolution. However, it is currently impossible to predict with any degree of certainty the amount that would be required to be contributed to the trust, how the trust would be funded, how other pre-petition claims would be treated or what impact any reorganization plan may have on the shares of common stock of the Company. The interests of the Company's shareholders could be substantially diluted or cancelled under a plan of reorganization. The formulation and implementation of the plan of reorganization is expected to take a significant period of time.

*Status of Chapter 11 Proceedings* - Since the Filing, all motions necessary to conduct normal business activities have been approved by the Bankruptcy Court. In addition, the Debtors have received approval from the Bankruptcy Court to pay or otherwise honor certain of its pre-petition obligations in the ordinary course of business, including employee wages and benefits, customer programs, shipping charges and a limited amount of claims of essential trade creditors.

As provided by the Bankruptcy Code, the Debtors had the exclusive right to propose a plan of reorganization

for a 120-day period following the Filing Date. The Debtors have received an extension of their exclusivity period during which to file a plan of reorganization through February 1, 2003, and an extension of the Debtors' exclusive rights to solicit acceptances of a reorganization plan through April 1, 2003.

Three creditors' committees, two representing asbestos claimants and the third representing other unsecured creditors, and a committee representing shareholders have been appointed in the Chapter 11 Cases. These committees will have the right to be heard on all matters that come before the Bankruptcy Court, and, together with a legal representative of future asbestos claimants (whom Grace expects to be appointed by the Bankruptcy Court in the future), are likely to play important roles in the Chapter 11 Cases. The Debtors are required to bear certain of the committees' and the future asbestos claimants representative's costs and expenses, including those of their counsel and financial advisors.

The Debtors' Chapter 11 cases have been assigned to Judge Alfred M. Wolin, a senior federal judge who sits in Newark, New Jersey. Judge Wolin will preside over asbestos bodily injury matters and the fraudulent conveyance litigation described below. He has assigned the Debtors' other bankruptcy matters to Judge Judith Fitzgerald, a U.S. bankruptcy judge from the Western District of Pennsylvania, sitting in Wilmington, Delaware.

At a hearing on April 22, 2002 the Bankruptcy Court entered an order establishing a bar date of March 31, 2003 for claims of general unsecured creditors, asbestos property damage claims and medical monitoring claims related to asbestos. The bar date does not apply to asbestos-related bodily injury claims or claims related to Zonolite® attic insulation ("ZAI"), which will be addressed separately. Grace has distributed notices and run media announcements of the bar date under a program approved by the Bankruptcy Court. Rust Consulting, the court-approved claims handling agent for the Chapter 11 Cases, is maintaining a register of all claims filed. As claims are filed, Gace will be cataloguing and assessing their validity.

In July 2002, the Bankruptcy Court approved special counsel to represent the ZAI claimants, at the

Debtors' expense, in a proceeding to determine certain threshold scientific issues regarding ZAI. The court has set a litigation schedule that would result in pretrial hearings on these issues in the second and third quarters of 2003.

*Fraudulent Conveyance Claims* - On November 29, 2002 Sealed Air Corporation, ("Sealed Air") and Fresenius Medical Care AG, (Fresenius") each announced that they had reached agreements in principle with the Official Committee of Asbestos Personal Injury Claimants and the Official Committee of Asbestos Property Damage Claimants to settle claims of fraudulent conveyance related to the 1998 transaction involving Grace's former packaging business and Sealed Air and the 1996 transaction involving Grace's former medical care transactions and Fresenius, respectively.

Grace was not a party to these agreements and cannot predict how they may ultimately offset its plan of reorganization.

*Impact on Debt Capital* - All of the Debtor's pre-petition debt is in default due to the Filing. The accompanying Consolidated Balance Sheet as of December 31, 2002 reflects the classification of the Debtors' pre-petition debt within "liabilities subject to compromise."

The Debtors have entered into a debtor-in-possession post-petition loan and security agreement with Bank of America, N. A. (the "DIP facility") in the aggregate amount of \$250 million. The DIP facility has a term expiring on April 1, 2003 and bears interest under a formula based on the London Inter-Bank Offered Rate ("LIBOR") plus 2.00 to 2.25 percentage points depending on the level of loans outstanding. The Debtors are in the process of evaluating their needs for a renewal of the DIP facility, which will be subject to Bankruptcy Court approval.

#### Basis of Presentation

The interim combined financial statements presented herein represent the results of operations, cash flows and financial position of the Debtors. These financial statements pertain to periods beginning with, and subsequent to, the Filing Date and have been prepared in conformity with requirements of the Bankruptcy

Court. Consequently, these financial statements do not purport to present the financial performance of W.R. Grace & Co. in conformity with generally accepted accounting principles which would require the consolidation of all controlled subsidiaries and more extensive notes and analysis related to the worldwide operations of W.R. Grace & Co. Financial activity of non-Debtor entities is not presented herein. However, all non-Debtor entities are either directly or indirectly controlled by the Debtors and, accordingly, non-Debtor financial results are reflected under the equity method of accounting. These financial statements are unaudited and should be read in conjunction with the consolidated financial statements presented in W.R. Grace & Co.'s 2001 Form 10-K and, when filed, its 2002 Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission.

These interim consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the interim periods presented under generally accepted accounting principles; all such adjustments are of a normal recurring nature. All significant inter-Debtor accounts and transactions have been eliminated. Transactions and balances with non-Debtor entities are separately disclosed.

### **Reclassifications**

Certain amounts in prior years' Consolidated Financial Statements have been reclassified to conform to the 2002 presentation.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires that management make estimates and assumptions affecting the assets and liabilities (including contingent assets and liabilities) reported at the date of the Consolidated Financial Statements and the revenues and expenses reported for the periods presented. Actual amounts could differ from those estimates. Grace's accounting measurements that are most affected by management's estimates of future events are:

- Contingent liabilities such as asbestos-related matters, environmental remediation, tax exposures and retained obligations of divested businesses.

- Pension and post-retirement liabilities that depend on assumptions regarding discount rates and total returns on invested funds.
- Depreciation and amortization periods for long-lived assets including property and equipment, and intangibles.
- Realization value of various assets such as receivables, inventories, goodwill, insurance and tax attributes.

The accuracy of these and other estimates may also be materially affected by the uncertainties arising under the Chapter 11 Cases.

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## **2. Chapter 11 Related Financial Information**

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As a result of the Filing, Grace's Consolidated Balance Sheet as of December 31, 2002 separately identifies the liabilities that are "subject to compromise" under the Chapter 11 proceedings. In Grace's case, "Liabilities subject to compromise" represent pre-petition liabilities as determined under U.S. generally accepted accounting principles. Changes to the recorded amount of such liabilities will be based on developments in the Chapter 11 Cases and management's assessment of the claim amounts that will ultimately be allowed by the Bankruptcy Court.

Grace has been receiving pre-petition claims and expects to receive additional pre-petition claims through March 31, 2003, the bar date established by the Bankruptcy Court (see Note 1). Although these claims are being reviewed as they are received, Grace has insufficient information at this time to assess the validity or amount of these claims. As sufficient information becomes available for Grace to conclude that such claims are valid and their amount determinable, Grace will record appropriate adjustments, if necessary, to liabilities subject to compromise.

Changes to pre-petition liabilities subsequent to the Filing Date reflect: 1) cash payments under approved court orders; 2) the accrual of interest on pre-petition debt at the pre-petition contractual rate; 3) accruals for employee-related programs; and 4) changes in estimates related to pre-petition contingent liabilities and assets.

Set forth below is a reconciliation of the changes in pre-filing date liability balances for the period from the Filing Date through December 31, 2002.

(Dollars in millions)	Current Month	Cumulative Since Filing
Balance, beginning of period .....	\$ 2,306.1	\$ 2,366.0
Cash disbursements and/or reclassifications under bankruptcy court orders:		
Freight and distribution order ..	—	(5.7)
Trade accounts payable order ..	(0.4)	(9.1)
Other court orders including employee wages and benefits, sales and use tax and customer programs .....	(3.2)	(145.0)
Expense/(income) items:		
Interest on pre-petition debt ....	1.2	35.5
Current period employment-related accruals .....	(4.7)	17.6
Environmental accrual .....	51.4	76.5
Change in income tax reserve ..	2.5	20.5
Balance sheet reclassifications ....	(15.2)	(18.6)
Balance, end of period .....	\$ 2,337.7	\$ 2,337.7

Pre-Filing Date obligations allowable under current court orders and expected to be paid prior to an adopted plan of reorganization are classified as "Liabilities not subject to compromise." Additional liabilities subject to compromise may arise due to the rejection of executory contracts or unexpired leases, or as a result of the resolution of contingent or disputed claims.

### 3. Other Balance Sheet Accounts

	December 31 2002	Filing Date
<b>Notes and accounts receivable, net</b>		
Trade receivables, less allowance of \$1.0 (Filing Date - \$0.7) .....	\$ 106.0	\$ 32.3
Other receivables, less allowance of \$1.7 (Filing Date - \$2.1) .....	9.0	11.5
	<b>\$ 115.0</b>	<b>\$ 43.8</b>
<b>Inventories</b>		
Raw materials .....	\$ 16.4	\$ 20.3
In process .....	21.0	16.2
Finished products .....	55.8	63.8
General merchandise .....	10.2	9.6
Less: Adjustment of certain inventories to a last-in/first-out (LIFO) basis .....	(32.9)	(29.3)
	<b>\$ 70.5</b>	<b>\$ 80.6</b>
<b>Other Assets</b>		
Unamortized Pension Costs.....	\$ 228.0	\$ 227.9
Deferred charges .....	25.7	40.4
Long-term receivables .....	1.4	1.9
Long-term investments .....	—	2.1
Patents, licenses and other intangible assets .....	27.1	25.2
Intangible asset – pension related.....	19.6	8.1
Other assets .....	3.9	2.9
	<b>\$ 305.7</b>	<b>\$ 308.5</b>
<b>Other Current Liabilities</b>		
Accrued compensation .....	\$ 20.3	\$ —
Accrued commissions .....	4.7	—
Customer programs .....	14.6	—
Accrued utilities .....	0.2	—
Accrued freight .....	2.8	—
Other accrued liabilities .....	10.5	—
	<b>\$ 53.1</b>	<b>\$ —</b>
<b>Other Liabilities</b>		
Deferred royalty income– nonfiling entities .....	\$ 11.6	\$ 31.8
Pension related .....	436.4	—
Other liabilities .....	1.4	—
	<b>\$ 449.4</b>	<b>\$ 31.8</b>
<b>Liabilities Subject to Compromise</b>		
Other postretirement benefits ...	\$ 147.2	\$ 185.4
Environmental remediation .....	201.1	164.8
Retained obligations of divested businesses .....	55.3	75.5
Pension related .....	77.8	70.8
Deferred compensation .....	5.7	8.2
Accrued compensation .....	—	13.5
Self insurance reserve .....	27.5	11.8
Other accrued liabilities .....	47.6	68.6
	<b>\$ 562.2</b>	<b>\$ 598.6</b>

#### 4. Life Insurance

The Debtors' are the beneficiary of life insurance policies on current and former employees with benefits in force of approximately \$2,240.2 million and a net cash surrender value of \$82.4 million at December 31, 2002. The policies were acquired to fund various employee benefit programs and other long-term liabilities and are structured to provide cash flow (primarily tax-free) over an extended number of years. The following table summarizes the net cash value at December 31, 2002 and Filing Date:

Components of Net Cash Value	December 31, 2002	Filing Date
Gross cash value .....	\$ 471.3	\$ 453.7
Principal – policy loans.....	(365.4)	(390.3)
Accrued interest – policy loans....	(23.5)	0.7
Net cash value.....	\$ 82.4	\$ 64.1
Insurance benefits in force.....	\$ 2,240.2	\$ 2,286.0

The Debtors' financial statements display income statement activity and balance sheet amounts on a net basis, reflecting the contractual interdependency of policy assets and liabilities.

#### 5. Debt

On December 31, 2002, and Filing Date, the Debtors' were obligated for the following:

Components of Debt (\$ millions)	December 31, 2002	Filing Date
<b>Debt payable within one year</b>		
Other short-term borrowings .....	\$ —	\$ —
<b>Debt payable after one year</b>		
DIP facility .....	\$ —	\$ —
Other long-term borrowings.....	—	—
<b>Debt Subject to Compromise</b>		
Bank borrowings .....	\$ 500.0	\$ 500.0
8.0% Notes Due 2004 .....	—	5.7
7.75% Notes Due 2002 .....	—	2.0
Other borrowings .....	1.0	1.2
Accrued interest .....	37.8	2.6
	\$ 538.8	\$ 511.5

The Debtors have negotiated a debtor-in-possession post-petition loan and security agreement with Bank of America, N.A. (the "DIP facility") in the aggregate amount of \$250 million. The DIP facility has a term of two years, is secured by a priority lien on substantially

all assets of the Debtors, and bears interest at either Bank of America's prime rate or a formula based on the London Inter-Bank Offered Rate (LIBOR) plus 2.00 to 2.25 percentage points. The Bankruptcy Court issued a final approval of the DIP facility on May 3, 2001. As of December 31, 2002 Grace had no outstanding borrowings under the DIP facility.

The 7.75% Notes were repaid on June 11, 2001, and the 8.0% Notes were repaid on August 15, 2001, by the unaffiliated guarantor of the Notes. Grace's liability with respect to these notes is included in other liabilities subject to compromise as of December 31, 2001.

## **Bank Statements**

## JPMorgan Chase Bank

## Statement of Account

W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

In US Dollars  
Account No: 910-1-013572  
Statement Start Date: 01 NOV 2002  
Statement End Date: 28 NOV 2002  
Statement Code: 000-USA-21  
Statement No: 011  
Page 1 of 4

TRANSACTIONS		BALANCES		ENCLOSURES	
Total Credits	3	205,956.80	Opening (01 NOV 2002)	Closing (29 NOV 2002)	
Total Debits (Incl. checks)	19	164,748.90	Ledger	113,596.88	Credits 0
Total Checks Paid	0	0.00	Collected	113,596.88	Debits 0
					Checks 0

This message is to all Global Clearing clients. As a valued client of JPMorgan Treasury Services, you have come to rely on products and services that lead the industry. From time to time we evaluate our services and procedures in an effort to maintain the high quality standards you have come to expect. A recent review of our paper advising process has resulted in the combining of several Global Clearing paper advising services. Items that may have appeared as USD Global Clearing Bank Advice will now be reported with the appropriate Debit or Credit Mail Advice services. This change will be reflected on your December statement, which you will receive in January 2003. Please note that these changes will not impact your Global Clearing Bank Advice service level or pricing in any way.

If you have any questions, please do not hesitate to contact your Treasury Services Relationship Manager.

Ledger Date	Adj Ledger Date	Value Date	F	References	Credit / Debit	Description	Date	Closing Balances Amount
CREDITS							LEDGER BALANCES	
05NOV		05NOV	USD YOUR: TEBC OF 02/11/05		✓68,785.46	BOOK TRANSFER CREDIT B/O: W.R. GRACE AND COMPANY COLUMBIA, MD 21044-4098 REF: HOWT	01NOV	65,736.54
		19NOV	USD YOUR: TEBC OF 02/11/19		✓72,171.34	BOOK TRANSFER CREDIT B/O: W.R. GRACE AND COMPANY COLUMBIA, MD 21044-4098 REF: HOWT	04NOV	56,214.54
		27NOV	USD YOUR: TEBC OF 02/11/27		✓65,000.00	BOOK TRANSFER CREDIT B/O: W.R. GRACE AND COMPANY COLUMBIA, MD 21044-4098 REF: HOWT	07NOV	18,619.13
			OUR: 0852600323JB				08NOV	10,618.55
			OUR: 1003000331JB				09NOV	101,424.29
							10NOV	95,922.55
							12NOV	90,869.96
							13NOV	81,873.83
							14NOV	72,897.47
							15NOV	61,146.07
							18NOV	52,826.66
							19NOV	113,120.99
							20NOV	99,691.67
							21NOV	89,037.82
							22NOV	80,574.91
							25NOV	75,917.87
							26NOV	63,471.04

FT CODE: USD - SAME DAY FUNDS US\$ - THREE DAY FLOAT US\$ - FOUR DAY FLOAT US\$ - MIXED FLOAT

PLEASE EXAMINE THIS STATEMENT OF ACCOUNT AT ONCE. THE MAINTENANCE OF THIS ACCOUNT IS SUBJECT TO THE PROVISIONS OF THE NEW YORK UNIFORM COMMERCIAL CODE AND THE BANK'S TERMS AND CONDITIONS FOR BUSINESS ACCOUNTS AND SERVICES. THE BANK DISCLAIMS RESPONSIBILITY FOR ANY ERROR IN OR IMPROPER CHARGE TO THE ACCOUNT AS RENDERED UNLESS INFORMED IN WRITING OF THIS ERROR OR CHARGE WITHIN SIXTY DAYS OF THE DELIVERY, MAILING OR AVAILABILITY OF THE STATEMENT AND CANCELED VOUCHERS. KINDLY REFER TO THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS STATEMENT IN ORDER TO DIRECT YOUR INQUIRIES TO THE PROPER DEPARTMENT FOR PROMPT ACTION.

**Statement of Account**

JPMorgan Chase Bank

W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

TS

Account No: 910-1-013572  
Statement Start Date: 01 NOV 2002  
Statement End Date: 29 NOV 2002  
Statement Code: 000-USA-21  
Statement No: 011

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Adj Ledger Date	Adj Ledger Date	Value	F	T	References	Credit / Debit	Description	Date	Closing Balances	Amount
<b>DEBITS</b>										
01NOV31OCT	31OCT USD OUR: 0230500090WA					✓ 6,852.39 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/31/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		27NOV 29NOV	120,567.97 113,596.88	
04NOV01NOV	01NOV USD OUR: 0230800088WA					✓ 9,522.05 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/01/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		01NOV 04NOV 05NOV 06NOV 07NOV 08NOV 09NOV 10NOV 11NOV 12NOV 13NOV 14NOV 15NOV 16NOV 17NOV 18NOV 19NOV 20NOV 21NOV 22NOV 23NOV 24NOV 25NOV 26NOV 27NOV 28NOV 29NOV	68,736.54 66,214.54 118,619.13 109,618.56 101,422.29 95,922.55 90,889.96 8,873.83 72,897.47 61,146.07 52,823.66 113,120.99 99,691.67 89,037.82 80,547.91 75,911.87 63,471.04 120,567.97 113,596.88	
05NOV04NOV	04NOV USD OUR: 0230900086WA					✓ 6,380.87 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/04/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098				
06NOV05NOV	05NOV USD OUR: 0231000084WA					✓ 9,000.58 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/05/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098				
07NOV06NOV	06NOV USD OUR: 0231100084WA					✓ 8,194.26 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/06/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098				
08NOV07NOV	07NOV USD OUR: 0231200088WA					✓ 5,501.74 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/07/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098				
12NOV08NOV	08NOV USD OUR: 0231600086WA					✓ 5,052.59 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/08/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098				

## **Statement of Account**

In US Dollars

<b>W. R. GRACE &amp; CO</b> <b>C/O CORPORATE ACCOUNTING</b> <b>7500 GRADE DRIVE</b> <b>COLUMBIA MD 21044-4098</b>	<b>Account No:</b> <b>910-1-013572</b> <b>Statement Start Date:</b> <b>01 NOV 2002</b> <b>Statement End Date:</b> <b>29 NOV 2002</b> <b>Statement Code:</b> <b>000-USA-21</b> <b>Statement No:</b> <b>011</b>
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JPMorgan Chase Bank

Ledger Date	Adj Ledger Date	Value Date	F	T	References	Credit/Debit	Description	Amount
<b>DEBITS CONTINUED</b>								
13NOV 12NOV	12NOV	USD OUR:	0231700087WA			✓	8,996.13 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/12/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
14NOV 13NOV	13NOV	USD OUR:	0231800088WA			✓	8,976.36 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/13/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
15NOV 14NOV	14NOV	USD OUR:	0231900088WA			✓	11,751.40 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/14/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
18NOV 15NOV	15NOV	USD OUR:	0232200082WA			✓	8,317.41 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/15/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
19NOV 18NOV	18NOV	USD OUR:	0232300089WA			✓	11,879.01 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/18/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
20NOV 19NOV	19NOV	USD OUR:	0232400083WA			✓	13,429.32 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/19/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
21NOV 20NOV	20NOV	USD OUR:	0232500082WA			✓	10,653.85 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/20/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
22NOV 21NOV	21NOV	USD OUR:	0232600085WA			✓	8,462.91 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.	

## JPMorgan Chase Bank

**Statement of Account**

W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

TS

Account No: 91Q-1-015872  
Statement Start Date: 01 NOV 2002  
Statement End Date: 29 NOV 2002  
Statement Code: 000-USA-21  
Statement No: 011

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Ledger Date	Adt Ledger Date	Value Date	P	T	References	Credit / Debit	Description	Date	Closing Balances Amount
<b>DEBITS CONTINUED</b>									
25NOV 22NOV		22NOV	USD	OUR:	0232900086WA	✓ 4,657.04	002-2-416598 FOR WORK OF 11/21/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
26NOV 25NOV		25NOV	USD	OUR:	0233000086WA	✓ 12,446.83	002-2-416598 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFFTS TO A/C NO. W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
27NOV 26NOV		26NOV	USD	OUR:	0233100089WA	✓ 7,903.07	002-2-416598 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFFTS TO A/C NO. W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
28NOV 27NOV		27NOV	USD	OUR:	0233300089WA	✓ 6,971.09	002-2-416598 FOR WORK OF 11/27/02 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		

**CHECKS**

No Activity